

**SUPERIOR MINING INTERNATIONAL CORPORATION**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**PERIOD ENDED APRIL 30, 2010**

The following discussion and analysis, prepared as of June 25, 2010 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

The reader should also refer to the unaudited consolidated financial statements for the nine month period ended April 30, 2010 and the annual audited consolidated financial statements and the Management Discussion and Analysis for the year ended July 31, 2009.

Additional information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com).

**Description of business**

The Company is a Canadian company incorporated in the Yukon Territory and trades on the TSX Venture Exchange under the symbol SUI. On May 10, 2006, the Company changed its name to Superior Mining International Corporation from Superior Mining Corporation and consolidated its outstanding shares on a basis of five existing shares to one new share. The Company is primarily engaged in the acquisition and exploration of mineral properties in New Zealand and South Africa. To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

**Mineral properties**

*Ross Alluvial Goldfield, New Zealand*

*Victory Gold Project (formerly named the Placer Property)*

In November 2007, the Company entered into an option agreement to acquire a 100% ownership in certain mineral permits of a mineral property located near Ross Township, New Zealand through the purchase of all of the shares of Placer Gold Resources.

The Company has recently amended the option agreement in order to advance the project more rapidly. Under the terms of the amended and restated option agreement (the "Agreement"), Placer and its shareholders have granted the Company a 24 month option to acquire a 100% interest in the permits comprising the Victory Property by carrying out an exploration program, constructing a placer mining facility (the "Plant") on that property, and processing 10,000 cubic meters of material through the Plant. The Agreement is structured as an option to purchase all of the issued and outstanding shares in the capital of Placer Gold, a New Zealand company.

Upon exercise of the option, Superior will grant to the Victory Shareholders a 7% net smelter royalty on the Property. In contrast to the previous option agreement, the Company is no longer required to complete a bankable feasibility study nor pay any advance royalty prior to commencing production on the property. This will permit Superior to advance the project quickly. Subject to the results of the aforementioned work program, the Company can proceed to build the Plant for the purpose of exercising the option and advancing the project to production. During the option period the Company will be entitled to manage all of the required exploration and development work on the Victory Property

The property comprises 2,906 Ha of Pleistocene blacksand leads, which form part of raised beach deposits, buttressing up against moraine outwash terraces. Gold, along with ilmenite, magnetite, garnet, zircon and other heavy minerals (Minehan, 1989) is concentrated into lenticular beach placers of which a number are currently being exploited by mining operations along strike to the northeast and southwest. An airborne helimag survey flown in 2008 by Southern Geoscience Consultants identified a number of magnetic lineaments coincident with Quaternary-aged strandlines. In the northern portion of the property ground truthing of shallow linear magnetic anomalies identified two distinct target types: i) localized higher-grade embayment type strandline mineralization where moraine terraces have created lower energy depositional regimes, and ii) large tonnage potential exposed long-drift derived strandlines. A limited RC drilling program (19 holes) targeting obvious embayment targets and shallow magnetic strand line deposits was undertaken in the 2nd quarter 2009.

**SUPERIOR MINING INTERNATIONAL CORPORATION**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**PERIOD ENDED APRIL 30, 2010**

Based on encouraging drilling results the Company undertook a further 42 RC drill holes (totaling 855 metres) in Q4 2009 to quantify higher grade gold zones associated with defined embayment targets in the north, along with potential similar targets to the south. From this drilling a number of mineralized zones (+0.1 g/t Au or +200 mg/m<sup>3</sup>) have been crudely defined; all of which are open along and across strike.

Drill hole rationale and results have been detailed in previous Management Discussion and Analysis filed with SEDAR releases at [www.sedar.com](http://www.sedar.com).

Based on the uniform gold distribution (>0.1 g/t Au) defined within a designated polygonal area in the northern portion of the property a bulk sampling program involving the excavation of a number of strategic test pits each of approximately 20 cubic metres, was undertaken both along and across the strike of the mineralized strandlines. Bulk sample material was processed using a 2-3 cubic metre per hour capacity black sand concentrating plant, followed by final concentration and gold encapsurement through a system comprising a knelson-type concentrator and Wilfley table. At the time of reporting 5 test pits had been completed and 1 in progress. Sampling and gold analysis of oversize feed material, tailing effluent and concentrate residues is undertaken on routine basis as part of QA/QC process. Results from the entire bulk sampling program are expected in the next 1-2 months

Two previous bulk test pits (70 and 120 cubic metres) excavated on the area known as Butler's Land Fill, located in the central western portion of the property reported only low tenor gold grades of less than 100 mg/m<sup>3</sup>. These two bulk samples tested the upper section of the moraine and the results are not considered indicative of grades likely to occur in areas where streams have cut down through the moraine and re-concentrated gold.

***Victory North Project***

The Company has been issued an Exploration Permit (EP 52251) on ground immediately adjacent to that of the Victory property on which the Company has recently reported encouraging near surface gold intercepts from reverse circulation (RC) drilling.

The new property (referred to as "Victory North") comprises an elongate NE-SW block of 249.7 Ha with topographical linear highs of magnetite-gold bearing Pleistocene beach strandlines known as "blacksand leads". With the addition of the Victory North property the Company now has interest in approximately 18 km of the New Zealand coastline which hosts the targeted blacksand leads.

Documented historical exploration (Wood, 2003) over the property reports Bangka drilling from the 1930's intersecting significant gold intervals (+0.1 g/t Au) from 3 of 9 holes drilled to a maximum of 0.41 g/t Au over 9.1 metres from surface. More recent exploration in the 1980's (Amax Exploration NZ Ltd) focused on the alluvial gold potential of more easterly moraine terraces.

Preliminary exploration activities will comprise ground magnetic surveys, along with reconnaissance geological mapping and sampling where applicable. If results from bulk sampling are encouraging from strandlines that continue into the property from the Victory ground, the Company may elect to fast track the exploration process by undertaking a number of strategic test pits in the southern part of the property.

***Ross South Project***

In addition the Company has also been issued an Exploration Permit (EP 51688) on ground immediately south of the former Ross property from which the Company has recently withdrawn. The new property (referred to as "Ross South"), located 2.0 km to the south of the Victory property, consists of Pliocene-aged alluvial gold leaders peripheral to current or historical mining operations.

**SUPERIOR MINING INTERNATIONAL CORPORATION**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**PERIOD ENDED APRIL 30, 2010**

Previous reverse circulation (RC) drilling on the Ross property identified the presence of southerly trending auriferous leaders that were confined in the north, but having greater volume potential to the south. This presence led the Company to apply for the newly acquired Exploration Permit. This thickening of auriferous leaders is suggested by the presence of mine shafts from the early 1900s, including one in the northeast section of the property sunk to a depth of 125 metres, historically, the deepest recorded shaft in that region.

Detailed geological mapping by Amax Exploration in the early 1980s indicates that the property is underlain by the Pliocene Old Man Group gravels, thought to represent erosional products of cyclic outwash deposits and moraine fronts of successive glaciers. The Old Man Group comprises three layered units, with the uppermost layer (Humphrey's Conglomerate) considered the most prospective for gold placer concentration. Historical mining of "stacked" gold leaders from this unit and to a much lesser extent from the underlying Jones Formation and Donnelly Conglomerate, to the north of the property, resulted in gold production of 168,000 oz (1890-1920) and 130,000 oz (1985-2002). Gold leaders of the Humphrey's Conglomerate are still visible today in the southwestern pit wall of the neighbouring property. Lateral extensions of Humphrey's Conglomerate are currently being exploited by a local mining company only 1.0 km to the east of the new property.

The Company plans to commence an RC drilling program close to the historical mine shaft as soon as access to the proposed drill site can be arranged.

#### ***Ross Project***

The Company has elected not to proceed with the option on the mineral property located in Ross Township. The Company had been in discussions with the vendors in order to restructure the October, 2007 option agreement (the "Option") to reflect the current market for developing placer properties in the region. The parties were unable to restructure the transaction and therefore agreed to terminate and release each other from any obligations under the Option. Pursuant to the termination agreement, Superior and the vendors are free to pursue their own interests in the region without any obligation to the other party.

#### ***Otama Project***

The Company has entered into an agreement with Lodestar Resources Limited to acquire an option to purchase an 80% interest in the Otama Property (EP 52315), northern Southland – New Zealand. The Property comprises a single elongate block encompassing 1,784 hectares.

The Property is prospective for Au-Cu mineralization associated with the Permian Otama complex and for shear-hosted gold mineralization. Sampling of gossanous outcrops on the Property by historical explorers reported significant Cu-Au values of:

- Waikaka Hill quartz-pyrite lode (Galvin, 1906) assayed 6 g/t Au, 4.5 g/t Ag and 2.0% Cu
- Australian Mining & Oil Investments (1972-73): grab samples from fault shears, mylonites, quartz lodes and disseminated sulfide types ranged from 0.15-0.3 g/t Au and 1.85-7.8% Cu.
- Lodestar (2005): grab and channel samples (n=45) from mylonite, gossan and quartz lodes ranged from 0.14-1.47% Cu

Substantial historical alluvial gold workings occur immediately north and east of the Otama Complex, included the King Solomon Mine which averaged 1.0 oz gold per cubic metre. Careful examination of the alluvial tailings revealed that the host rocks are those of the Otama Complex.

**SUPERIOR MINING INTERNATIONAL CORPORATION**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**PERIOD ENDED APRIL 30, 2010**

The Property covers parts of a Permian igneous complex, located within the regional Dun Mountain Ophiolite Belt. A wide variety of altered felsic and mafic plutons, along with their volcanic equivalents are present within the igneous complex. The Property covers two north-south trending horst fault blocks, with severe structural dislocation resulting in a series of m's to km's sized fault mélanges of intrusive and volcanic facies rocks, along with associated mylonization. Hydrothermal silica, argillic to advanced argillic and magnetite alteration is widespread. Copper and associated gold mineralization occurs in i) zones of bleached and silicified breccias/shear zones impregnated by up to 25% pyrite and trace to minor amounts of chalcopyrite; and ii) sulfide disseminations within diorite and keratophyre intrusives. In outcrop mineralization of the former are highly weathered and interpreted as semi-gossans.

Agreement Summary

1. Payment of up to NZ\$20,000 covering previous Lodestar expenses. (earns a 20% property interest);
2. The undertaking by the Company (the Operator) of a reverse circulation drilling program of approximately 500 metres, at a cost of no less than NZ\$50,000. (earns cumulative 51% property interest);
3. Exploration expenditure by the Company of a further CDN\$1,000,000 over a maximum of five (5) years. (earns cumulative 80% property interest); and
4. Should Lodestar elect not to contribute to on-going project funding once the Company has reached the 80% threshold its interest will be converted to a 7% net smelter royalty.

***Mangalisa Property, South Africa***

Superior's 180 square-kilometre Mangalisa license area is situated approximately 20 km to the east of the township of Welkom, and less than 10 km north of Harmony Gold's operating Masimong #5 (formerly Erfdeel) gold mine. The contiguous, highly prospective ground was chosen for its potential to host eastward extensions of the Western limb of the Witwatersrand Goldfield in the Welkom District. The lease dimensions contain approximately 18 kilometres of strike potential and approximately 10 kilometres of down-dip potential.

During the period ended April 30, 2010, the Company executed an agreement with Minco Mineral Holdings (Pty) Limited ("Minco") whereby Minco has the option to acquire 90% of the Company's directly controlled shares in Turquoise Moon Trading 403 Pty. Ltd ("TMT") by spending USD\$10,000,000 on the development of TMT's Mangalisa Project. The Company holds a 74% direct interest in TMT and a further 13% indirect interest. If Minco expends the full USD\$10,000,000 the Company's direct and indirect interest in TMT will be reduced to 20.4% (7.4% directly and 13% indirectly).

The Company's objective, through the Minco agreement, is to evaluate its property area using diamond drilling to determine whether one or more gold enriched reefs occur, and thereafter to determine whether an economic deposit can be delineated. Minco's field program is being financed by Goldcorp Inc. (a private company incorporated under the laws of Guernsey), a wholly owned subsidiary of Minco Mineral Holdings (Pty.) Ltd. The program is being managed by Kernow Exploration of Randburg, South Africa, a subsidiary of Minco.

Minco's exploration plans call for approximately 8 diamond drill holes of up to 1000m deep targeting the Erfenis Reef in the immediate area of the PG-1 discovery hole at Mangalisa. At least one hole will be drilled to a depth of 2,500m to intersect the basal reefs being exploited by Harmony Gold at the nearby Masimong Gold Mine. Results from the first reef intersections are expected to be available in late August or early September 2010, and the program is targeted to be complete by the end of the second quarter 2011. Each drill hole will require about 4 months duration from the drilling of the hole collar to receipt of final assays. Each target hole will consist of a mother hole plus 4 or more deflections to produce multiple reef intersections. After completion the holes will be surveyed and then logged by wireline geophysical logging techniques that include downhole radiometrics.

**SUPERIOR MINING INTERNATIONAL CORPORATION**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**PERIOD ENDED APRIL 30, 2010**

The mines of the Free State goldfield (the first of which was established in 1949) have collectively produced more than 300 million ounces of gold as well as a substantial amount of bi-product uranium. The gold and uranium ore has been recovered principally from the Basal Reef (a reef generally less than 1 meter thick) which is widespread in its distribution across the goldfield. A number of other reefs located above the Basal Reef, with more local or confined distribution, have also been mined in places. The other reefs include the Leader, "B", "A", and Beatrix reefs. The Basal, "B" and "A" reefs are all reported to be mined on the Masimong 5 mine immediately south of Superior's property.

**Results of operations**

During the nine month period ended April 30, 2010, the Company:

- 1) incurred consulting fees of \$82,310 (2009 - \$82,978). The fees are consistent with prior year.
- 2) incurred filing and transfer agent expenses of \$19,464 (2009 - \$13,639). The increase was a result of an increase in news releases during the current period.
- 3) incurred professional fees of \$195,438 (2009 - \$121,129). The increase was primarily a result of legal fees relating to future mineral property prospects.
- 4) recorded stock-based compensation of \$172,934 (2009 - \$88,878). Stock-based compensation in the current period was primarily from the grant of 1,130,000 options and the re-pricing of 1,500,000 options.
- 5) incurred travel expenses of \$97,243 (2009 - \$12,642). The increase in travel was a result of multiple trips to South Africa, New Zealand and a trip to London to monitor current mineral properties and to discuss future mineral property prospects.
- 6) wrote-off a loan receivable of \$10,673 to Pamodzi Gold Limited, a corporation that was put into receivership.

**Summary of quarterly results**

	Three Months Ended April 30, 2010	Three Months Ended January 31, 2010	Three Months Ended October 31, 2009	Three Months Ended July 31, 2009
Total assets	\$ 2,359,216	\$ 2,361,545	\$ 2,894,969	\$ 2,375,296
Mineral properties and deferred costs	1,603,077	1,501,353	1,652,683	1,602,574
Working capital (deficiency)	(597,116)	(503,399)	(159,524)	(625,529)
Shareholders' equity	1,596,110	1,595,928	2,093,257	1,578,034
Net loss	(220,723)	(499,234)	(282,801)	(874,359)
Basic loss per share	(0.01)	(0.02)	(0.01)	(0.02)
Diluted loss per share	(0.01)	(0.02)	(0.01)	(0.02)

**SUPERIOR MINING INTERNATIONAL CORPORATION**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**PERIOD ENDED APRIL 30, 2010**

	Three Months Ended April 30, 2009	Three Months Ended January 31, 2009	Three Months Ended October 31, 2008	Three Months Ended July 31, 2008
Total assets	\$ 3,181,940	\$ 3,480,388	\$ 4,876,673	\$ 7,179,340
Mineral properties and deferred costs	1,388,276	1,075,034	699,599	358,089
Working capital	(416,598)	7,874	517,361	1,030,666
Shareholders' equity	2,450,332	2,653,564	3,957,119	6,345,525
Net loss	(214,740)	(1,331,398)	(2,437,933)	(3,183,385)
Loss per share	(0.01)	(0.04)	(0.07)	(0.09)
Diluted loss per share	(0.01)	(0.04)	(0.07)	(0.09)

Quarterly losses from April 30, 2008 to July 31, 2009 were primarily a result of the impairment of the Pamodzi Gold Limited investment (as detailed on page 8 of the MD&A under Investments). Quarterly losses during the quarters' ended October 31, 2009 and April 30, 2010 were primarily a result of operating costs (consulting fees, management fees, office expenses, professional fees, property investigation and travel expenses) and stock-based compensation.

### Liquidity

The Company has financed its operations to date primarily through the issuance of common shares and exercise of stock options. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	April 30, 2010	July 31, 2009
Working capital (deficiency)	\$ (597,116)	\$ (625,529)
Deficit	(16,393,829)	(15,391,071)

Net cash used in operating activities for the period ended April 30, 2010 was \$438,477 compared to net cash used of \$611,971 during 2009. The cash utilized by operating activities for the period consists primarily of the operating expenses and changes in non-cash working capital.

Net cash used in investing activities for the period ended April 30, 2010 was \$304,573 compared to cash used of \$1,008,930 during 2009. The cash utilized by investing activities consists of mineral property acquisition and exploration costs.

Net cash provided by financing activities for the period ended April 30, 2010 was \$847,900 compared to cash used of \$Nil during 2009. The cash provided was from the issuance of shares for cash.

**SUPERIOR MINING INTERNATIONAL CORPORATION**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**PERIOD ENDED APRIL 30, 2010**

**Capital resources**

During the period ended April 30, 2010, the Company completed a non-brokered private placement for \$720,000 by issuing 6,000,000 common shares at a price of \$0.12 per share. The Company paid \$47,100 in cash for finders' fees.

Subsequent to period ended April 30, 2010, the Company closed a non-brokered private placement for gross proceeds of \$500,000 by the issuance of 2,000,000 common shares of the Company at \$0.25 per common share. The Company has paid finders' fees totaling \$22,080 in cash and 88,320 in finders' warrants in connection with the private placement.

**Capital management**

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (ie. share capital, contributed surplus and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. The Company's policy remains unchanged from the prior year.

**Related party transactions**

During the period ended April 30, 2010, the Company entered into the following transactions with related parties:

- a) Paid or accrued professional fees of \$57,550 (2009 - \$50,400) to a partnership in which a director has an interest. As at April 30, 2010 an amount of \$12,000 (2009 - \$12,000) owing was included in accounts payable.
- b) Paid management fees of \$72,000 (2009 - \$72,000) to a corporation in which a director has an interest.
- c) Paid consulting fees of \$50,310 (2009 - \$50,362) to a director of a subsidiary.
- d) Paid administration fees of \$9,000 recorded as office fees (2009 - \$9,000) to a director of the Company.

These transactions were in the normal course of operations and were measured at the exchange value which represented the amount of consideration established and agreed to by the related parties.

**Financial instruments and risk**

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities and loan payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

**SUPERIOR MINING INTERNATIONAL CORPORATION**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**PERIOD ENDED APRIL 30, 2010**

*Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. At April 30, 2010, the Company had \$578,383 in Plan Notes. The Company is exposed to credit risk to the extent that the recoverability of the Plan Notes is unknown.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at April 30, 2010, the Company had current assets of \$170,890 to settle current liabilities of \$768,006. The Company also issued shares for cash subsequent to the period ended April 30, 2010 (See Note 15 of financial statements). All of the Company's financial liabilities are classified as current and may mature within the next fiscal period.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at, and loan payable with, the financial institutions is subject to floating rate of interest. The interest rate risks on cash and on the Company's loan payable obligations are not considered significant.

(b) Foreign currency risk

The Company has monetary assets and liabilities denominated in foreign currencies and non-monetary assets represented by mineral exploration interests in the Republic of South Africa and New Zealand. The Company could accordingly be at risk for foreign currency fluctuations and developing legal and political environments.

As at April 30, 2010, the Company had the following financial instruments in ZAR\$:

	CAD \$ equivalent	ZAR \$
Cash	63,147	462,618
Accounts payable and accrued liabilities	42,451	310,980

As at April 30, 2010, ZAR\$ amounts were converted at a rate of ZAR\$1 to \$0.13650 Canadian dollars.

(c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

**SUPERIOR MINING INTERNATIONAL CORPORATION**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**PERIOD ENDED APRIL 30, 2010**

**Investments**

	April 30, 2010	July 31, 2009
Plan Notes	\$ 578,383	\$ 583,277

During the year ended July 31, 2007 the Company acquired 7,210,000 shares representing approximately a 17.575% interest in Pamodzi Gold Limited, a public company quoted on the Johannesburg Stock Exchange. At August 1, 2007 the Company recognized a \$717,864 decrease to retained earnings to reflect the opening fair value. During the year ended July 31, 2009, Pamodzi Gold Limited was taken off of the Johannesburg Stock Exchange and put into receivership. During the year ended July 31, 2009 the Company determined that the shares have nil fair value and wrote off the investment, resulting in a loss on investment of \$3,839,412.

At April 30, 2010, long-term investments included Master Asset Vehicle II notes received in exchange for Canadian third-party asset backed commercial paper (“ABCP”) that was held by the Company. These investments were designated as held-for-trading and are accounted for at their fair value.

The market for asset-backed commercial paper not sponsored by banks froze up in early August 2007 after issuers were unable to roll over maturing notes. A Pan-Canadian Investors Committee for Third-Party Structured Asset-Backed Commercial Paper (the “Committee”) was tasked with overseeing the restructuring of the ABCP. On January 12, 2009, the Ontario Superior Court approved a complicated and controversial deal to swap essentially non-tradable, mortgage-backed debt for new securities. On January 21, 2009, the Committee announced the successful implementation of the restructuring plan. Upon the restructuring old short-term ABCP notes were exchanged for longer-term notes of various classes with maturities that generally approximate those of the assets previously contained in the underlying conduits. The Committee also announced that interest payment in respect of interest accrued since the original liquidity disruption in August 2007 to August 31, 2008 (net of restructuring costs) would be made in two installments based on the ABCP note type.

As part of the Plan, the Company received new notes (“Plan Notes”) of various classes issued by trusts referred to as MAVII, including senior notes Class A-1, subordinated notes Class C, and ineligible tracking notes Class 13. At the time of the restructuring, DBRS assigned a rating “A” to the MAV II Class A-1 notes. The MAV II Class C and Class 13 notes have not been rated by DBRS.

Upon the restructuring, the Company received the plan notes as follows:

Notes	Maturity Date (1)	Interest Rate (2)	Face Value, \$	Fair Value Estimate, \$
MAV II Class A-1	July 2056	BA - 0.5%	847,870	567,350
MAV II Class C	July 2056	BA + 20%	26,222	2,622
MAV II Class 13 (Ineligible Asset Tracking Notes)			133,050	13,305
<b>Total</b>			<b>1,007,142</b>	<b>583,277</b>

(1) Maturity date reflects legal maturity date. Latest maturity date of underlying assets is December 2016.

(2) BA rate is Canadian dollar Bankers Acceptance interest rate with a maturity of 90 days.

**SUPERIOR MINING INTERNATIONAL CORPORATION**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**PERIOD ENDED APRIL 30, 2010**

Accounting for the exchange of the ABCP for new notes included removal of the ABCP from the Company's balance sheet and recognition of the new notes at their fair value. The new notes are classified as held-for-trading under the Company's Financial Instruments Policy which requires them to be fair valued at each period end with changes in fair value included in the statement of operations in the period in which they arise. The fair value is determined using a discounted cash flow approach based on the maximum use of inputs observed from the market on reporting dates.

The fair value of the Class A-1 notes was established using a discounted cash flow approach based on the following inputs: the notes will pay interest at a rate 0.5% less than the bankers' acceptance ("BA") rate, prospective buyers of these notes estimated to require premium yields 5% over the BA rate, average maturity of Class A -1 Notes estimated to be 7.5 years. The Class C Notes are subordinated to the Class B Notes with respect to payment of interest and principal, and no amounts will be paid with respect to the Class C Notes until the Class B Notes are repaid in full. The Class C notes are viewed as highly speculative with regard to ultimate payment of principal at maturity in 2016. Accordingly, it is expected that Class C notes will trade at approximately 10% of face par value. The fair value of the sub-prime backed Class 13 Notes was calculated as 10% of par value. In conjunction with the note exchange, the Company received a payment of \$58,392 which was its share of the accumulated interest to July 31 2009. The interest received to January 31, 2010 was accounted for as a reduction of the Company's investment. The estimated unpaid interest up to the restructuring date of January 21, 2009 is not material and was not included in the Company's fair value calculation. As a result of the notes exchange, the Company recorded the fair value of its new investments as \$583,277 and provision for impairment of \$218,531 (\$146,942 impairment charge recognized in the fiscal 2007). During the period ended April 30, 2010, the Company received a repayment on investment of \$4,894 reducing the fair value of the Plan Notes to \$578,383.

There is significant amount of uncertainty in estimating the amount and timing of cash flows associated with these notes. Until an active market develops for the MAV II notes, the fair value will be determined using a discounted cash flow approach based on the maximum use of inputs observed from market conditions on subsequent reporting dates. Therefore, the fair values may change materially in subsequent periods.

### **Recent accounting pronouncements**

#### *Business Combinations*

In January 2009, the AcSB released Section 1582, which replaces Section 1581 "Business Combinations". It provides the Canadian equivalent to IFRS 3 "Business Combinations". For the Company, this section applies prospectively to business combinations for which the acquisition is subsequent to August 1, 2011. Earlier application is permitted. Section 1582 must be applied together with Section 1601 and Section 1602 if it is implemented before August 1, 2011.

#### *Consolidated financial statements and Non-Controlling Interests*

In January 2009, the AcSB also released Section 1601 "Consolidated financial statements" and Section 1602 "Non-controlling interest", which replace Section 1600 "Consolidated Financial statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the consolidated financial statements of the parent, subsequent to a business combination. Section 1602 is equivalent to the corresponding provisions of IAS 27, "Consolidated and Separate Financial Statements".

For the Company, these sections apply to interim and annual consolidated financial statements relating to the fiscal year beginning on or after August 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. These sections must be applied together with Section 1582 "Business Combinations" if they are implemented for a fiscal year beginning before August 1, 2011.

**SUPERIOR MINING INTERNATIONAL CORPORATION**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**PERIOD ENDED APRIL 30, 2010**

*International financial reporting standards (“IFRS”)*

In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of August 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended July 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Conversion to IFRS

The Company is currently examining the transition options and policy choices presented under IFRS and evaluating the impact on the future financial statements of the Company. Many of the differences identified between IFRS and Canadian GAAP are not expected to have material impact on the reported results and financial position. However, there may be changes as a result of IFRS’ accounting principles and provisions for first time adoptions. The Company has not yet determined the full accounting effects of adopting IFRS, since some key accounting policy alternatives and implementation decisions are still being evaluated.

First-time adoption of IFRS

IFRS 1, “First-Time Adoption of International Financial Reporting Standards” (“IFRS 1”), provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. The Company will need to analyze the various accounting policy choices available and will implement those determined to be most appropriate in the circumstances. The Company expects that key IFRS 1 exemption decisions will be approved by senior management during 2011.

Accounting policies

Below are some of the significant areas that were discussed:

- a) Property, plant and equipment - the Company is not expecting to apply the fair value method to determine the deemed opening cost under IFRS which is one of the significant IFRS1 exemptions.
- b) Financial instruments - The accounting policy of the Company will be amended to:
  - Include changes to impairments of financial assets and their possible reversal.
  - Detail the conditions that need to be met for the designation of financial instrument as “fair value through profit and loss”.
- c) Impairment of assets – The accounting policy of the Company will be amended to:
  - Change the assessment method of whether impairment exists: instead of the two step approach under Canadian GAAP, the discounted cash flows are taken as an indication to determine impairment.

*Systems and disclosure*

IFRS will require more in depth disclosure. The Company is taking the necessary steps to adjust the systems requirements to ensure proper data collection for IFRS disclosure purposes.

The Company will stay informed on the upcoming changes to the IFRS and will continue to adjust its plan way to include all key elements and ensure compliance by 2011.

**SUPERIOR MINING INTERNATIONAL CORPORATION**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**PERIOD ENDED APRIL 30, 2010**

**Outstanding share data**

As at June 25, 2010, the Corporation has 43,707,995 common shares issued and outstanding and has the following options and warrants outstanding:

	Number of Shares	Exercise Price	Expiry Date
<b>Options</b>	1,355,000	\$ 0.25	May 10, 2011
	1,500,000*	0.12	July 26, 2011
	2,700,000	0.27	August 24, 2012
	250,000	0.08	May 7, 2014
	100,000	0.05	May 28, 2014
	200,000	0.12	September 24, 2014
	230,000	0.215	April 7, 2015
	300,000	0.185	June 25, 2015
<b>Warrants</b>	88,320	0.25	May 4, 2011

\* During the period ended April 30, 2010, the Company amended the exercise price of 1,500,000 stock options from \$0.34 to \$0.12. The amendment is subject to approval from the Toronto Stock Exchange – Venture (“TSX-V”).

**Commitment**

The Company has committed to rent office space for \$3,193 per month until February 28, 2011.

**Forward-Looking Statements**

Certain of the statements made and information contained herein is “forward-looking information” within the meaning of the British Columbia Securities Act. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to foreign currency fluctuations; risks inherent in gold and copper exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations, risks associated with the estimation of resources and reserves and the geology, the possibility that future exploration, development or exploration results will not be consistent with the Company’s expectations; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour; the inherent uncertainty of future production and cost estimates and the potential for unexpected costs and expenses, commodity price fluctuations; uncertain political and economic environments; changes in laws or policies, delays or the inability to obtain necessary governmental permits; and other risks and uncertainties, including those described under Risk Factors in the Company’s Management Proxy Circular that can be found on the SEDAR website. Forward-looking information is in addition based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of gold and copper; that the Company can access financing, appropriate equipment and sufficient labour. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

The Company does not have any significant forward-looking statements to disclose. Please refer to the going concern note and risks listed in this MD&A and in the April 30, 2010 financial statements.

**Outlook**

The Company will continue to explore its existing properties in New Zealand and South Africa. The Company will also continue to search for opportunities to acquire additional properties.